GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5051
ANSWERED ON:20.04.2001
WAYS AND MEANS ADVANCE
TRILOCHAN KANUNGO

Will the Minister of FINANCE be pleased to state:

(a) the total amount of ways and advance/overdrafts availed by each State Government during 2000-2001 alongwith the interest paid to RBI on these advances; and

(b) the number of days allowed by Reserve Bank of India on ways and means advance and overdrafts?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL

(a) : The transaction between a State and the Reserve Bank of India is conducted as per an agreement between the two. Since, it is a matter of relationship between the banker and the client (between the Reserve Bank of India and the State Government), such information is not published/made public by Government of India.

(b) : Though no time limit has been stipulated for the normal Ways & Means Advance(WMA), States are expectedto clear WMA in 90 days. With regard to Special WMA(secured), which is extended against the States` holdings in Government of India dated securities/ Treasury Bills, there is no time limit. Under the Overdraft Regulation Scheme applicable to the StateGovernments recently revised with effect from February 1,2001,

(i) No State shall be allowed to run an overdraft with Reserve Bank of India for more than 12 consecutive (earlier 10) working days.

(ii) The overdraft shall not exceed 100 per cent of normal WMA limit. On the first occasion when this isexceeded in a financial year, Reserve Bank of Indiawill advise the State that the Overdraft amountshould not exceed 100 per cent of normal WMA limiton any subsequent occasion. If it so exceeds on a second or any subsequent occasion during a financial year, the State is given five (earlier three) working days` notice to bring the overdraft amount within the level of 100 per cent of normal WMA limit.